

**FILED**

AUG - 4 2020

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF TENNESSEE  
AT GREENEVILLE

Clerk, U. S. District Court  
Eastern District of Tennessee  
At Knoxville

UNITED STATES OF AMERICA

v.

XIAORONG YOU  
aka SHANNON YOU;  
XIANGCHEN LIU;  
and  
HONGMEI FAN

No. 2:19-CR-14

District Judge Greer

**FIRST SUPERSEDING INDICTMENT**

The Grand Jury charges:

**COUNT ONE**

**(Conspiracy to Commit Theft of Trade Secrets, 18 U.S.C. § 1832(a)(5))**

1. Beginning not later than on or about March 16, 2017 and continuing through at least on or about November 10, 2018, in the Eastern District of Tennessee and elsewhere, the defendants XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN knowingly conspired and agreed together and with other persons known and unknown to the grand jury, to steal trade secret information that cost at least approximately \$119,600,000 to develop, that is:

(a) With intent to convert a trade secret that was related to a product and service used in and intended for use in interstate and foreign commerce, to the economic benefit of persons other than the trade secret's owner, and intending and knowing that the offense would injure the trade secret's owner, the defendants conspired to knowingly steal, and without authorization appropriate, take, carry away, and conceal such information, in violation of 18 U.S.C. § 1832(a)(1);

(b) With intent to convert a trade secret that was related to a product and service used in and intended for use in interstate and foreign commerce, to the economic benefit of persons other than the trade secret's owner, and intending and knowing that the offense would injure the trade secret's owner, the defendants conspired to knowingly and without authorization copy, duplicate, photograph, download, upload, replicate, transmit, deliver, send, mail, communicate, and convey such information, in violation of 18 U.S.C. § 1832(a)(2); and

(c) With intent to convert a trade secret that was related to a product and service used in and intended for use in interstate and foreign commerce, to the economic benefit of persons other than the trade secret's owner, and intending and knowing that the offense would injure the trade secret's owner, the defendants conspired to knowingly possess such information, knowing the same to have been stolen and appropriated, obtained, and converted without authorization, in violation of 18 U.S.C. § 1832(a)(3);

(d) such trade secret information ("TSI") relating primarily to:

- a formulation for a bisphenol-A-free (as defined in paragraph 2) coating for use inside cans (e.g., beer or other beverage cans) that prevents the contents of the can from interacting with the metal surface of the can over time, owned by Akzo-Nobel and its affiliates and subsidiaries ("Akzo-Nobel");
- the chemical substances used to create a substitute for epoxy coatings containing bisphenol-A, owned by "TSI Owner #2";
- newly-developed bisphenol-A-free polyolefin dispersion coatings for the inside of food and drink cans, such as aluminum soda cans, that protect both the can from corrosion and its contents from contamination by the can's material, owned by The Dow Chemical Company and its affiliates and subsidiaries ("Dow Chemical");

- formulas used to develop bisphenol-A-free interior sprays for aluminum and steel food and beverage cans, owned by PPG Industries, Inc. and its affiliates and subsidiaries ("PPG");
- the development of bisphenol-A-free liquid coating compositions for forming FDA-compliant and EU-compliant, food-contact-safe coatings on the surfaces of metal beverage cans and in the development of analogous coatings for metal food cans owned by The Sherwin Williams Company and its affiliates and subsidiaries ("Sherwin Williams");
- information used in the process of developing "Gen-2," bisphenol-A-free coating technologies for aluminum food-grade beverage containers, owned by ToyoChem Co. Ltd. and its affiliates and subsidiaries ("ToyoChem"); and
- resins for use in bisphenol-A-free coatings for the interior of rigid metal packaging, owned by the Eastman Chemical Company and its affiliates and subsidiaries ("Eastman Chemical") located in Kingsport, Tennessee.

## **BACKGROUND**

2. Corporations like The Coca-Cola Company ("Coca-Cola") use various chemical technologies to coat the inside of cans and other food and beverage containers. These chemical technologies were designed to adhere to the container, minimize flavor loss, and prevent the container from corroding or reacting with the food or beverage contained therein, all without posing any threat to human health. Until recently, many containers were coated using a polycarbonate plastic made from a chemical called bisphenol-A ("BPA"). Due to possible harmful effects of BPA, companies like Coca-Cola began searching for alternatives to BPA; such alternatives are known as "bisphenol-A not intended" or "BPA-NI" ("BPA-free"). These alternatives are difficult to develop.



3. During the time period of the conspiracy, Coca-Cola had agreements with numerous companies including Akzo-Nobel, TSI Owner #2, Dow Chemical, PPG, Sherwin Williams, and ToyoChem, to conduct research and development, testing, analysis, and review of various BPA-free-related technologies.

4. These agreements contemplated that Akzo-Nobel, TSI Owner #2, Dow Chemical, PPG, Sherwin Williams, and ToyoChem would each disclose confidential information, including TSI, to Coca-Cola for the narrow purpose of performing such research and development, testing, analysis, and review. These agreements also required that Coca-Cola would take reasonable measures to protect the confidentiality of TSI, including by requiring that TSI be further disclosed only on a need-to-know basis and only to persons specifically approved by the owners of the TSI.

5. XIAORONG YOU had extensive education and experience with BPA and BPA-free coating technologies. XIAORONG YOU claimed a Ph.D. in Polymer Science and Engineering from Lehigh University and worked in various sophisticated roles for numerous companies throughout the United States dating back to May 1992.

6. From in or about December 2012 through on or about August 31, 2017, XIAORONG YOU was employed as Principal Engineer for Global Research at Coca-Cola in Atlanta, Georgia. During her employment at Coca-Cola, XIAORONG YOU was one of a limited number of employees with access to TSI belonging to Akzo-Nobel, TSI Owner #2, Dow Chemical, PPG, Sherwin Williams, and ToyoChem, pursuant to the agreements discussed above.

7. Eastman Chemical, located in Kingsport, TN, also competes in the BPA-free coating technologies business.



8. From on or about August 28, 2017 through on or about June 22, 2018, XIAORONG YOU was employed as a Packaging Application Development Manager for Eastman Chemical in Kingsport, Tennessee. During her employment at Eastman Chemical, XIAORONG YOU was one of a limited number of employees with access to TSI belonging to Eastman Chemical.

9. During the conspiracy, "China Company #1" was a company based in the Shandong province of China. During the conspiracy, XIANGCHEN LIU was the General Manager of China Company #1.

10. During the conspiracy, the Chinese government sponsored a program entitled "The Thousand Talents." This program was designed to induce individuals with advanced technical education, training, and experience, or with access to advanced technology, residing in Western countries to return to China and use their expertise and technology to promote China's economic and technological development. The Thousand Talents application process was competitive, and those who were selected sometimes received an annual payment from the Chinese government calculated as a percentage of the applicant's current salary.

11. During the conspiracy, provincial Chinese governments had award programs similar to the national The Thousand Talents program. The government for Shandong Province sponsored a program entitled "Yishi-Yiyi." Like The Thousand Talents, Yishi-Yiyi paid a monetary award to successful applicants with proposals to bring technology to the province.

12. HONGMEI FAN is a relative of XIAORONG YOU and lives in China.

#### **OBJECTS OF THE CONSPIRACY**

13. It was part of the conspiracy that XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN, acting together, conspired to steal, appropriate, copy, duplicate, photograph,

download, upload, replicate, transmit, deliver, send, mail, communicate, convey, receive, and possess TSI related to a product or service used or intended for use in interstate or foreign commerce, for the economic benefit of persons other than the owners of the TSI, intending or knowing that the offense would injure Akzo-Nobel, TSI Owner #2, Dow Chemical, PPG, Sherwin Williams, ToyoChem, and Eastman Chemical.

#### MANNER AND MEANS

It was part of the conspiracy that XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN formulated a plan and agreement that, among other things, included the following:

14. XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN agreed that XIAORONG YOU would exploit her employment with Coca-Cola and Eastman Chemical to steal TSI belonging to Akzo-Nobel, TSI Owner #2, Dow Chemical, PPG, Sherwin Williams, ToyoChem, and Eastman Chemical.

15. XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN agreed that XIAORONG YOU would then use the stolen TSI to benefit China Company #1 and China Company #2 (as defined below), among others.

16. In exchange, XIANGCHEN LIU agreed to cause China Company #1 to pay XIAORONG YOU for her involvement in the conspiracy and to help her obtain The Thousand Talents award and the Yishi-Yiyi award from the Chinese government.

17. HONGMEI FAN agreed to serve as an intermediary between XIAORONG YOU, on the one hand, and XIANGCHEN LIU and China Company #1, on the other hand, by negotiating with XIANGCHEN LIU and China Company #1 on XIAORONG YOU's behalf, by passing communications between them, by facilitating the transfer of payments from

XIANGCHEN LIU and China Company #1 to XIAORONG YOU, and by providing other assistance.

18. XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN agreed that they would form a new Chinese company ("China Company #2") in part to use the stolen TSI for the economic benefit of at least XIAORONG YOU, XIANGCHEN LIU, HONGMEI FAN, China Company #1, and China Company #2 and that each of China Company #1, XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN would own part of China Company #2.

19. XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN agreed that they would attempt to enlist the assistance of an Italian company ("Italian Company #1") in a joint venture with China Company #2, for the purpose of establishing a market presence for China Company #2 in China using Italian Company #1's established BPA-free manufacturing abilities.

20. XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN further agreed that after the joint venture with Italian Company #1 had helped establish China Company #2 as a China-based manufacturer of BPA-free coatings, China Company #2 would build a laboratory capable of developing second-generation BPA-free coatings with the stolen TSI.

21. XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN agreed that China Company #2 would then compete with U.S. and foreign companies, including some of the owners of the stolen TSI, in China and elsewhere by selling products designed, developed, and manufactured using the stolen TSI.

#### OVERT ACTS

In furtherance of the conspiracy and to effect its unlawful objects, the following overt acts, among others, were committed by XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN in the Eastern District of Tennessee and elsewhere:



22. In or about March 2017, XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN agreed that XIAORONG YOU would steal TSI in part for the purpose of establishing a Chinese company to manufacture and profit from products developed using the stolen TSI.

23. In or about the summer of 2017, XIANGCHEN LIU and China Company #1 agreed to sponsor XIAORONG YOU's application to China's The Thousand Talent plan so that XIAORONG YOU, XIANGCHEN LIU, and China Company #1 could be paid by the Chinese government to develop technology that XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN knew to be derived from stolen TSI.

24. In or about the summer of 2017, XIANGCHEN LIU and China Company #1 agreed to sponsor XIAORONG YOU's application to China's Yishi-Yiyi program so that XIAORONG YOU, XIANGCHEN LIU, and China Company #1 could be paid by the Chinese government to develop technology that XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN knew to be derived from stolen TSI.

25. On or about August 10, 2017, XIAORONG YOU, in exchange for a payment from Coca-Cola of approximately \$33,912, signed a written agreement in which she falsely represented to Coca-Cola that she had not retained, and no longer had access to, any TSI or confidential information.

26. On or about August 17, 2017, XIAORONG YOU traveled to China for the purpose of defending, with XIANGCHEN LIU's assistance, her application to the Yishi-Yiyi program using the stolen TSI.

27. On or about August 25, 2017, XIAORONG YOU opened files containing TSI on a computer and took photographs of those TSI files while they were open on the computer

screen, to bypass Coca-Cola's security measures.

28. On or about August 29, 2017 and October 2, 2017, XIAORONG YOU transferred TSI stolen from Akzo-Nobel, TSI Owner #2, Dow Chemical, PPG, Sherwin Williams, and ToyoChem to an external hard drive in her possession.

29. On or about the last week of August, 2017, XIAORONG YOU obtained employment at Eastman Chemical in part for the purpose of stealing TSI in furtherance of the conspiracy.

30. From on or about September 17, 2017 through on or about September 21, 2017, XIAORONG YOU traveled from the Eastern District of Tennessee to China for the purpose of defending, with XIANGCHEN LIU's assistance, her application to The Thousand Talents plan using the stolen TSI.

31. On or about October 23, 2017, HONGMEI FAN forwarded to XIAORONG YOU a message from XIANGCHEN LIU in which XIANGCHEN LIU stated that he submitted false information to one of the talent programs in order to increase the possible monetary award they could receive.

32. On or about September 29, 2017, October 23, 2017, March 1, 2018, March 7, 2018, April 5, 2018, April 11, 2018, May 27, 2018, and May 31, 2018, among other dates, HONGMEI FAN forwarded or conveyed to XIAORONG YOU messages from XIANGCHEN LIU made in furtherance of the conspiracy. These facilitated communications pertained to a variety of topics germane to the conspiracy, including the formation of China Company #2, the various equity shares of China Company #2 to be owned by each conspirator, the result of The Thousand Talents application, the amounts paid by the Yishi-Yiyi program, building a project team for purposes of expanding the operations of China Company #1, concealing XIAORONG

YOU's involvement in the conspiracy to protect her while she remained in the United States, the process of approaching Italian Company #1 to be part of a joint venture, and paying XIAORONG YOU for the work she had already done in furtherance of the conspiracy, among other topics.

33. In or about April 2018, XIAORONG YOU traveled from the Eastern District of Tennessee to China and met with XIANGCHEN LIU for the purpose of presenting market research to the management of China Company #1, finalizing the terms of a written agreement made in furtherance of the conspiracy and discussing the next steps of the conspiracy, including forming China Company #2 and establishing a joint venture with Italian Company #1.

34. On or about May 5, 2018, XIAORONG YOU and China Company #1, with XIANGCHEN LIU's collaboration, entered into a written "collaboration agreement" setting forth some of the terms of their conspiracy.

35. On or about June 11, 2018, XIAORONG YOU took photos of Eastman Chemical laboratory equipment located in secure and restricted Eastman Chemical laboratories in the Eastern District of Tennessee for the purpose of showing XIANGCHEN LIU and others involved in the conspiracy the types of industrial laboratory equipment needed to further the conspiracy.

36. On or about June 21, 2018, XIAORONG YOU, while in the Eastern District of Tennessee, knowing that she was about to be fired from Eastman Chemical, uploaded to her Google Drive account, by wire transmission in interstate or foreign commerce, files containing TSI that she had stolen from Eastman Chemical.

37. On or about June 21 and June 22, 2018, XIAORONG YOU, for the purpose of deceiving Eastman Chemical, represented falsely to Eastman Chemical that XIAORONG YOU



had not retained copies of confidential information containing TSI owned by Eastman Chemical.

38. On or about June 22, 2018, XIAORONG YOU, while working for Eastman Chemical and living in the Eastern District of Tennessee, knowingly possessed an external hard drive containing TSI stolen from Akzo-Nobel, TSI Owner #2, Dow Chemical, PPG, Sherwin Williams, ToyoChem, and Eastman Chemical with the intent to use that TSI to the detriment of its owners.

39. On or about the evening of June 22, 2018, XIAORONG YOU, having been caught in possession of stolen TSI, attempted unsuccessfully to cause a representative of Eastman Chemical to destroy evidence that XIAORONG YOU had copied stolen TSI to the external hard drive in her possession.

All in violation of 18 U.S.C. § 1832(a)(5).

**COUNTS TWO – EIGHT**  
**(Theft of Trade Secrets, 18 U.S.C. § 1832(a)(3))**

40. Paragraphs 1(d) through 39 are incorporated herein by reference and re-alleged as though fully set forth in the following counts.

41. On or about June 22, 2018, in the Eastern District of Tennessee, XIAORONG YOU, with intent to convert the trade secrets identified in the chart below, each of which was related to a product and service used in and intended for use in interstate and foreign commerce, to the economic benefit of persons other than the trade secret owner specified in the chart below, and intending and knowing that the offense would injure the owner specified in the chart below,

knowingly possessed such information, knowing the same to have been stolen and appropriated, obtained, and converted without authorization:

Count	Owner	Trade Secret	Approximate Cost to Develop
TWO	Akzo-Nobel	A formulation for a BPA-free coating for use inside cans ( <i>i.e.</i> , beer or other beverage cans) that prevents the contents of the can from interacting with the metal surface of the can over time, owned by Akzo-Nobel.	\$7,300,000
THREE	TSI Owner #2	The chemical substances used to create a substitute for epoxy coatings containing BPA, owned by TSI Owner #2.	\$1,500,000
FOUR	Dow Chemical	Newly-developed BPA-free polyolefin dispersion coatings for the inside of food and drink cans, such as aluminum soda cans, that protect both the can from corrosion and its contents from contamination by the can's material, owned by Dow Chemical	\$25,000,000
FIVE	PPG	Formulas used to develop BPA-free interior sprays for aluminum and steel food and beverage cans, owned by PPG.	\$39,000,000
SIX	Sherwin Williams	The development of BPA-free liquid coating compositions for forming FDA-compliant and EU-compliant, food-contact-safe coatings on the surfaces of metal beverage cans and in the development of analogous coatings for metal food cans, owned by Sherwin Williams.	\$30,000,000
SEVEN	ToyoChem	Information used in the process of developing "Gen-2," BPA-free coating technologies for aluminum food-grade beverage containers, owned by ToyoChem.	\$3,800,000
EIGHT	Eastman Chemical	Resins for use in BPA-free coatings for the interior of rigid metal packaging, owned by Eastman Chemical.	\$13,000,000

Each count being in violation of 18 U.S.C. § 1832(a)(3).

**COUNT NINE**  
**(Wire Fraud, 18 U.S.C. § 1343)**

42. Paragraphs 1(d) through 39 are incorporated herein by reference and re-alleged as though fully set forth in the following count.

43. From on or about June 21, 2018 to on or about June 22, 2018, in the Eastern District of Tennessee, the defendant, XIAORONG YOU, having devised and intending to devise a scheme to defraud, and to obtain money and property by means of materially false or fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire communication in interstate and foreign commerce writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice; that is, XIAORONG YOU uploaded trade secret information owned by Eastman Chemical by means of wire communication in interstate commerce to XIAORONG YOU's personal Google Drive account, and then represented falsely to Eastman Chemical that XIAORONG YOU had not retained copies of trade secret information owned by Eastman Chemical, in violation of 18 U.S.C. § 1343.

**COUNT TEN**  
**(Conspiracy to Commit Economic Espionage, 18 U.S.C. § 1831(a)(5))**

44. Paragraphs 1(d) through 39 are incorporated herein by reference and re-alleged as though fully set forth in the following count.

45. Beginning not later than on or about March 16, 2017 and continuing through at least on or about November 10, 2018, in the Eastern District of Tennessee and elsewhere, the defendants XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN, intending and knowing that the offense would benefit any foreign government, foreign instrumentality, or



foreign agent, namely the Chinese Communist Party and governments of the People's Republic of China and of the Province of Shandong and the City of Weihai as well as China Company #1, knowingly conspired and agreed together and with other persons known and unknown to the grand jury, to:

(a) knowingly steal and without authorization appropriate, take, carry away, and conceal, and by fraud, artifice, and deception obtain trade secrets belonging to Akzo-Nobel, TSI Owner #2, Dow Chemical, PPG, Sherwin Williams, ToyoChem, and Eastman Chemical, in violation of 18 U.S.C. § 1831(a)(1);

(b) knowingly and without authorization copy, duplicate, photograph, download, upload, alter, photocopy, replicate, transmit, deliver, send, mail, communicate, and convey trade secrets belonging to Akzo-Nobel, TSI Owner #2, Dow Chemical, PPG, Sherwin Williams, ToyoChem, and Eastman Chemical, in violation of 18 U.S.C. § 1831(a)(2); and

(c) knowingly receive, buy, and possess trade secrets belonging to Akzo-Nobel, TSI Owner #2, Dow Chemical, PPG, Sherwin Williams, ToyoChem, and Eastman Chemical, knowing the same to have been stolen and appropriated, obtained, and converted without authorization, in violation of 18 U.S.C. § 1831(a)(3).

#### **OBJECTS OF THE CONSPIRACY**

46. In addition to the objects set forth in paragraph 13, it was part of the conspiracy that XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN, acting together, conspired to use the stolen TSI to knowingly and intentionally benefit the Chinese Communist Party and governments of the People's Republic of China and of the Province of Shandong and the City of Weihai, and China Company #1.

### **MANNER AND MEANS**

It was part of the conspiracy that XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN formulated a plan and agreement that, among other things, in addition to the manner and means described in paragraphs 14 through 21, included the following:

47. During the conspiracy, XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN applied to The Thousand Talents plan and Yishi-Yiyi program because they knew that the Chinese government used them to obtain technology by lawful and by unlawful means and that they provided funding to sponsor technology projects, including funding for research and development, platform construction, and industrialization.

48. In exchange, XIANGCHEN LIU agreed to cause China Company #1 to pay XIAORONG YOU for her involvement in the conspiracy and to help her obtain The Thousand Talents plan and the Yishi-Yiyi program from the Chinese government by causing China Company #1 to sponsor XIAORONG YOU'S applications to such Chinese-government programs. Funding from the Chinese government from those awards would also be used to research, develop, and commercialize BPA-free coatings using the stolen TSI.

49. China Company #1 would become a foreign instrumentality of the Chinese government because it was substantially sponsored by The Thousand Talents and Yishi-Yiyi programs to execute and complete the BPA-free coatings project.

50. XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN intended and knew that their plan to use the stolen TSI would benefit the Chinese Communist Party and governments of the People's Republic of China and of the Province of Shandong and the City of Weihai, and China Company #1.

### OVERT ACTS

In furtherance of the conspiracy and to effect its unlawful objects, the following overt acts, in addition to those overt acts described in paragraphs 22 through 39, were committed by XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN in the Eastern District of Tennessee and elsewhere:

51. On or about June 27, 2018, XIAORONG YOU emailed representatives of Italian Company #1 to request assistance from Italian Company #1 obtaining invitations for her business partner in China to travel from China to Italy to meet with representatives of Italian Company #1.

52. On or about June 29, 2018, XIAORONG YOU emailed to representatives of Italian Company #1 a list of the Chinese government officials for whom XIAORONG YOU needed assistance in obtaining formal invitation letters to travel from China to Italy to meet with "potential business partners," including Italian Company #1, which list included the names, birthdates, and titles of approximately six Chinese government officials.

53. On or about July 5, 2018, XIAORONG YOU emailed representatives of Italian Company #1 to inform them that the formal invitation letters should be sufficient to obtain travel approval because XIAORONG YOU's "Chinese partners told [her] that they were able to begin the passport and visa process with these letters."

54. From on or about August 26, 2018 through on or about September 5, 2018, XIAORONG YOU flew to China, picked up numerous Chinese government officials, and then flew with them to Italy to meet with representatives of Italian Company #1.

55. On or about September 5, 2018, XIAORONG YOU, upon returning to the United States through Hartfield-Jackson Atlanta International Airport, made materially false, fictitious,



and fraudulent statements and representations to an agent of the Department of Homeland Security, Homeland Security Investigations, regarding the purpose of her then-completed trip.

56. On or about September 27, 2018, XIAORONG YOU emailed representatives of Italian Company #1 to explain that the Chinese government officials were impressed with Italian Company #1 and to inform Italian Company #1 that “the governor of Shandong province and Mayor of [W]eihai would like to visit your company.”

57. On or about October 10, 2018, XIAORONG YOU emailed representatives of Italian Company #1 to inform them that “[t]he Chinese government team . . . would like to visit your company at 9:30am on 11/9/18” and to request invitation letters for a number of Chinese government officials and other co-conspirators identified on a list attached to that email.

58. On or about October 17, 2018, XIAORONG YOU emailed representatives of Italian Company #1 regarding the pending second meeting between XIAORONG YOU, Chinese government officials, and representatives of Italian Company #1, to: (a) inform them that “the governor [of Shandong] wants to meet their VIP guests;” (b) inform them that XIAORONG YOU was coordinating a proposed agreement between Italian Company #1 and China Company #1 because “these government officials need show [sic] the government that they are helping to open up the Chinese market”; and (c) identify the various persons, including Chinese government officials, who would fly to Italy for the second meeting.

59. On or about October 28, 2018, XIAORONG YOU emailed representatives of Italian Company #1 that in the pending second meeting, scheduled for November 9, 2018, “the[] Chinese government officials would like to have a photo op for signing ceremony.”

60. From on or about November 7, 2018 through on or about November 10, 2018, XIAORONG YOU and numerous Chinese government officials traveled to Italy to meet with representatives of Italian Company #1.  
All in violation of 18 U.S.C. § 1831(a)(5).

**COUNT ELEVEN**  
**(Economic Espionage, 18 U.S.C. § 1831(a)(3))**

61. Paragraphs 1(d) through 39 and paragraphs 46 through 60 are incorporated herein by reference and re-alleged as though fully set forth in the following count.

62. On or about June 22, 2018, in the Eastern District of Tennessee, XIAORONG YOU, intending and knowing that the offense would benefit any foreign government, foreign instrumentality, or foreign agent, namely the Chinese Communist Party and governments of the People's Republic of China and of the Province of Shandong and the City of Weihai as well as China Company #1, knowingly possessed trade secrets owned by Akzo-Nobel, TSI Owner #2, Dow Chemical, PPG, Sherwin Williams, ToyoChem, and Eastman Chemical, knowing the same to have been stolen and appropriated, obtained, and converted without authorization, in violation of 18 U.S.C. § 1831(a)(3).

**FORFEITURE ALLEGATIONS**

Upon conviction of any of the offenses set forth in Counts One through Eleven of this Indictment, the defendants XIAORONG YOU, XIANGCHEN LIU, and HONGMEI FAN shall forfeit to the United States, pursuant to 18 U.S.C. § 2323(b) any property used, or intended to be

used, in any manner or part to commit or to facilitate the commission of such offenses and any property constituting or derived from any proceeds obtained directly or indirectly as a result of the commission of the offenses of 18 U.S.C. §§ 1831 and 1832; and pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461, defendant XIAORONG YOU, shall forfeit any property, real or personal, which constitutes or is derived from proceeds traceable to the violation of 18 U.S.C. § 1343, including but not limited to:

- (a) Western Digital External Hard Drive SN# WXD1A20H8933;
- (b) Western Digital External Hard Drive SN# WX11AC7RTNUV; and
- (c) Any and all partial or complete duplicates, copies, downloads, and/or storage of said property, including without limitation the partial or complete copies of said property stored on defendant XIAORONG YOU's personal Google Drive account X30080@gmail.com.

If any of the property described above, as a result of any act or omission of the defendants: (a) cannot be located upon the exercise of due diligence; (b) has been transferred or sold to, or deposited with, a third party; (c) has been placed beyond the jurisdiction of the Court; (d) has been substantially diminished in value; or (e) has been commingled with other property which cannot be divided without difficulty; the United States of America shall be entitled to forfeiture of substitute property pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. §§ 2323(b)(2) and 982(b)(1).

\* \* \* \* \*

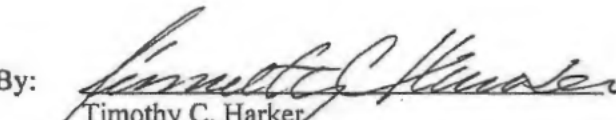
A True Bill:



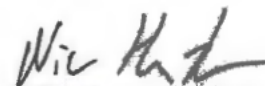
Approved:

J. Douglas Overbey  
United States Attorney

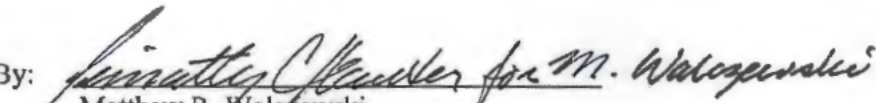
By:

  
Timothy C. Harker  
Assistant United States Attorney

By:

  
Nicholas O. Hunter  
Trial Attorney, National Security Division  
U.S. Department of Justice

By:

  
Matthew R. Walczewski  
Senior Counsel, Computer Crime & Intellectual Property Section  
U.S. Department of Justice